

## Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 /020 R

DRAFTED BY COM/BEWT/TDAD/558/EBKIH/L/SASIND:VAS

APPROVED BY EB/ITP/EWT:OSANDERSON

COM/BEWT/TDAD/RFSTECHSCHULTE

COM/BEWT/EED/RSARICH

COM/BEWT/OEA/RHMEYER

EUR/SOV/DMILLER (BY PHONE)

EB/ITP/EWT/OSANDERSON (BY PHONE)

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P 011758Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY BUDAPEST PRIORITY

C O N F I D E N T I A L STATE 155087

E.O. 11652: GDS

TAGS: BPRO, BFOL, HU

SUBJECT: TUNGSRAM/FAIRCHILD CASE

FOR AMBASSADOR MCAULIFFE

FROM DAS DOWNEY

1. I UNDERSTAND YOU ARE PERSONALLY AWARE OF AND HAVE BEEN WATCHING WITH INTEREST THE TUNGSRAM/FAIRCHILD CASE. PLEASE BE ASSURED THAT THIS CASE IS BEING GIVEN PRIORITY HANDLING AND I HAVE INSTRUCTED MY STAFF TO EXPEDITE THE CASE TO A CONCLUSION.

2. BECAUSE OF SENSITIVITY ASSOCIATED WITH SALE OF SEMI-CONDUCTOR TECHNOLOGY IT HAS BEEN NECESSARY TO WORK WITH FAIRCHILD CLOSELY AND RESTRUCTURE VARIOUS ASPECTS THEIR LICENSE APPLICATION AND ALTER VARIOUS EQUIPMENT COMPONENTS. THIS PROCESS HAS PROTRACTED THE LICENSE PROCESSING TIME SIGNIFICANTLY. THE FAIRCHILD PROPOSAL IS NOW ENTERING INTERAGENCY CLEARANCE PROCESS THROUGH THE OPERATING COMMITTEE. BECAUSE OF CERTAIN SOPHISTICATED EQUIPMENT  
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COMPONENTS WE ANTICIPATE SOME TIME REQUIREMENTS.

3. THE FAIRCHILD CONTRACT VALIDITY PERIOD CURRENTLY LAPSES ON JULY 1, 1975. THEY WANT AN EXTENSION AND HAVE ASKED

(A) OUR GUIDANCE IN HOW LONG AN EXTENSION THEY SHOULD REQUEST AND (B) IF USG WOULD SUPPORT THEIR REQUEST TO TUNGSRAM. ON THIS LATER POINT I WOULD APPRECIATE YOUR ASSISTANCE.

4. FYI RE LIKELIHOOD EXPORT LICENSE BEING ISSUED. WE BELIEVE THAT TRANSACTION HAS REASONABLE PROSPECT OF APPROVAL. THERE CONTINUE TO BE, HOWEVER, PROBLEMS OF SPECIAL INTEREST TO OUR ADVISORY AGENCIES WHICH MAKE IT IMPOSSIBLE TO PREDICT THE LICENSING DECISION WITH CERTAINTY.

5. SUGGEST TUNGSRAM BE ADVISED THAT RE TIMING WE ARE HOPEFUL A USG POSITION CAN BE REACHED BY MID AUGUST AND WE WILL THEN IMMEDIATELY REQUEST EXPEDITIOUS HANDLING IN COCOM. ACCORDINGLY WE HAVE ADVISED FAIRCHILD OF THIS TIMETABLE AND THEY INTEND REQUEST TWO MONTH EXTENSION.

6. DR. HARRY SELLO, TECHNICAL DIRECTOR INTERNATIONAL, FAIRCHILD, PLANS TO BE IN BUDAPEST NEXT WEEK RE CONTRACT EXTENSION AND WILL CALL UPON YOU. INGERSOLL

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